

City of Greater Bendigo Financial Plan 2021-2031

Summary version

This is a shortened, summary document to supplement the City of Greater Bendigo's 10-year Financial Plan document required under the Local Government Act 2020. Full details, including financial statements, can be seen in the longer 10-year Financial Plan document.



Introduction

The City of Greater Bendigo has prepared the 10-year Financial Plan from 2021 to 2031 to support the community vision and Council Plan. Through the development of the vision, the community has told us of its desire for Greater Bendigo to be sustainable, prosperous and to have a bright and happy future. The Council Plan includes actions to deliver on this vision.

Our Financial Plan outlines the resources required to deliver the Council Plan and ensure we are investing in assets the community values; our services remain affordable and accessible for the community; and our organisation remains financially sustainable.

The City provides 69 different services to the local and regional community and maintains over \$1.8B worth of community assets to support both residents and visitors to the region.

Key points

- The Financial Plan outlines resources to support the Council Plan by investing in assets the community values; ensuring services remain affordable and accessible; and keeping the City financially sustainable
- The City's population is expected to grow by 37 per cent to 156,000 by 2036 and reach 200,000 by 2050
- The City is in a financially sustainable position but to remain so, it will need to prioritise services to operate within the State Government's rate cap
- Rates increases are forecast to be limited. These mirror increases in the forecast Consumer Price Index (CPI)
- Borrowings will continue to be used to support capital expenditure and managed growth
- There are environmental risks and opportunities which will impact on future budgets, including responding to the challenges of a changing climate and reducing the City's carbon emissions

The City's context

The City enters the 10-year Financial Plan in a stable financial position. The City has sufficient cash reserves, a sustainable level of current borrowings and an efficient workforce. This position has been achieved through a level of financial discipline over many previous years.

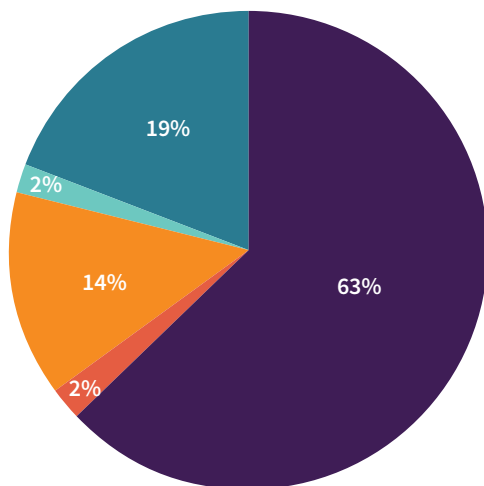
The new Local Government Act introduces principles that include priority being given to achieving the best outcomes for the municipal community, including future generations, and that strategic planning must consider the resources needed for effective implementation.

Underlying income

The main source of income for the City comes from rates and charges, which represents 63 per cent of underlying income for the 2021/2022 financial year. The City focused in 2020/2021 on identifying a range of initiatives to support our community and businesses that are impacted by COVID-19, including easing the financial strain by enabling deferral of a range of payments and charges, which has decreased some revenue streams. The City introduced specific hardship measures to support community members, including the ability for those experiencing financial hardship to defer payments.

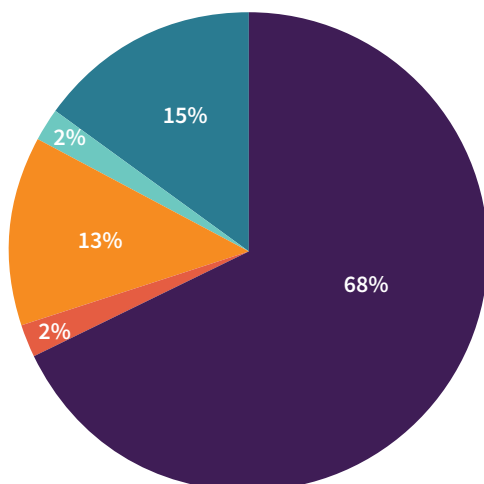
Source of underlying income

Estimate 2021-2022



Source of underlying income

Estimate 2030-2031

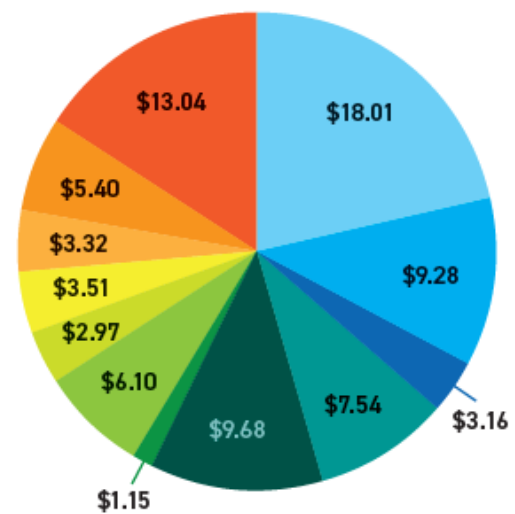


Expenses

Expenditure relates to delivering services for the benefit of the community.

Our current break-up of service expenditure, at a high level, is:

Where every \$100 of rates and charges goes



Expenditure categories across all services can also be summarised as contract payments, materials and services, employee costs and other expenses, which can be accessed in the full 10-year Financial Plan document. Total operational expenditure has increased slightly from the prior years, reflecting increased spending on salaries, materials, contracts and services.

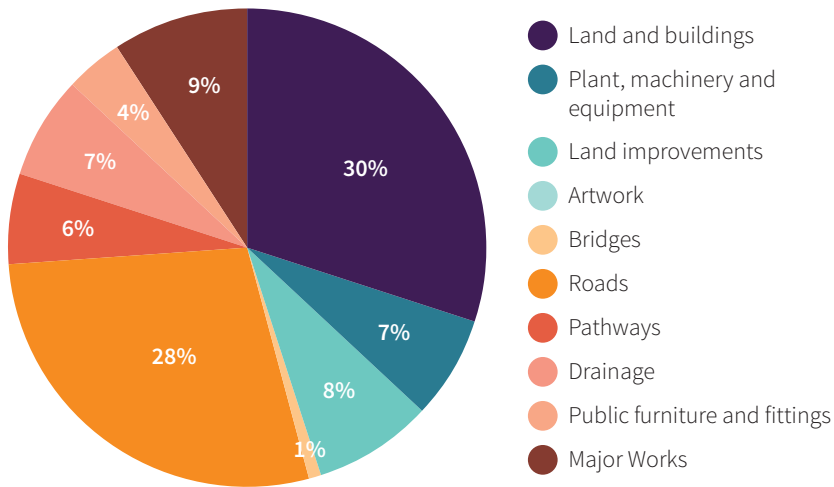
There is a break-up of the cost of various service units in the City's 2021/2022 Annual Budget (www.bendigo.vic.gov.au/budget) on pages 10-19. Operational expenditure includes \$29.2M for Resource Recovery and Education; \$12.8M for Parks and Open Spaces; and \$11.8M in Community Wellbeing unit supporting Immunisation, Early Childhood and Aged Care services.

Many of these services make use of other income including grants from State and Federal governments. For example, the total expenditure for the City is \$11.8M but the net cost after other income of the Community Wellbeing unit is \$0.89M (i.e. after childcare fees, aged care grants and other grants and fees are taken into account).

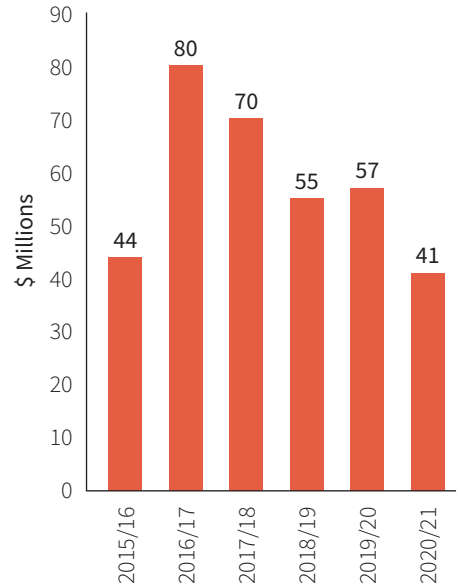
Capital works expenditure

The most significant areas of capital investment are on buildings and roads.

Capital works by type



Capital works expenditure

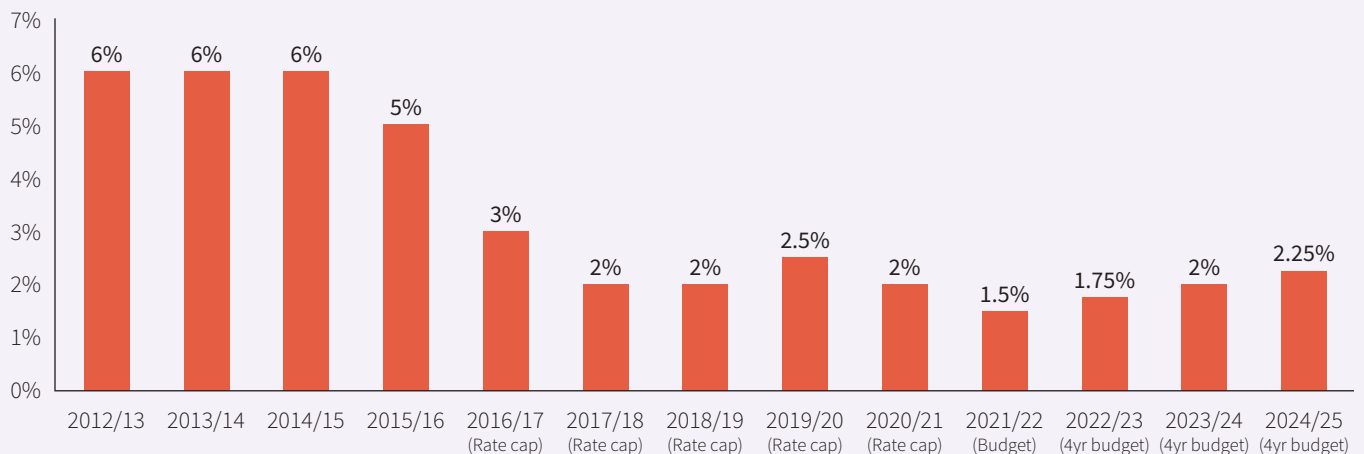


The challenge

The City has a responsibility to current and future communities that leads to significant demands on its finances, in particular:

- An asset renewal requirement (maintaining and upgrading current assets) that is increasingly demanding
- New development growth in Maiden Gully, Huntly and Marong and associated costs
- Higher expectations of a growing community for new and upgraded services, including the ability to interact digitally with services

The State Government introduced rate-capping in 2016 and, since then, rate revenue increases have been capped to State Government inflation forecasts. Here is a snapshot of the changing nature and forecasts for the City's rates income:



Whilst acknowledging that household affordability is important, the introduction of rate capping has reduced income for Local Governments to undertake asset renewal and services. The City must carefully consider the allocation of its financial resources and continue to find efficiencies.

Capital asset renewal and growth

Assets include, but are not limited to, roads, bridges, footpaths, drains, libraries, town halls, parks, play spaces, recreational centers, and other community facilities.

The City's delivery of services significantly depends on maintaining its assets in good condition for as long as the community needs them. Assets receive a condition review that feeds into the City's asset modelling. The condition review considers the asset's use and age and ensures we can plan for its renewal when required.

The growing need for this expenditure is a significant challenge for the City. Without major reform to services and operations, it will mean less money is available to fund new initiatives and existing services. This poses the question of how do we still service our growing and changing community and maintain our assets with increasing costs?

The following table gives some more details on assets the City seeks to maintain to support services to the community:

Asset Type	Number	Value of Assets
Sealed roads	1,514 kms	\$524M
Unsealed roads	1,427 kms	\$21M
Kerb and channel	1,222 kms	\$127M
Pathways	897 kms	\$145M
Car parks (sealed and unsealed areas)	104	\$10M
Bridges	91	\$76M
Buildings and structures	1,210	\$436M
Swimming pool structures	28	\$11M
Drainage and stormwater structures	1,225 kms	\$384M
Public furniture	3,193	\$33M
Land improvement	701	\$69M
Other (incl. tram tracks, parking infrastructure, airport, artworks)	-	\$41M
Total:		\$1.877B

New and upgraded assets

The City accesses other funding sources that help with new initiatives, including Developer Contributions, grants and new residential rates. However, all new and upgraded assets also create long-term commitments for future asset operation and renewal need. These new assets add to those the City must maintain in good working order over the long term.

City in transition

Despite the challenging financial situation and the longer-term impact of rate capping, the City begins this financial plan in a stable financial position. The 10-year Financial Plan allocates around \$3M-\$5M per annum for new and upgrade initiatives over the life of the plan to support the Council Plan.

Drawing on reserves or funding too many large projects will not be sustainable in the long term. To continue to operate within the rate cap, the City will need to review what it delivers to the community and at what cost.

More details

This summary is intended as a short summary for elements of the City's finances. More detail can be found in the full version of the City's 10-year Financial Plan and Council Plan which will be available via www.letstalkgreaterbendigo.com.au/imagine